

Internal Revenue Service
Director, Exempt Organizations
Rulings and Agreements

Department of the Treasury
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Employer Identification Number:

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LEGEND

UIL#: 4945.04-04

B = Foundation
C = Fund
D = Person
F = Magazine
G = Country #1
H = Country #2
J = City-based
M = Internship
N = Fellowship
O = Prize

Dear :

We have considered your request for advance approval of a grant-making program under section 4945 (g)(3) of the Internal Revenue Code, dated March 5, 2009.

Our records indicate that the B was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

The Foundation makes three grants through its C Fund. The Fund was established in memory of D, the first editor of F.

1. The three grant programs are M, N & O. Following is a description of each:

(a) M provides an opportunity for H journalism students and recent journalism school graduates to work as interns with J, Western news organization for about a month. The interns are exposed to many facets of contemporary Western newsgathering and learn how to build accuracy and fairness into their work using advanced research techniques and working closely with top Western journalists. Interns have frequent opportunities to conduct interviews and co-report stories. They are encouraged to seek out and develop story ideas on their own, and to search official documents and reports.

(b) N provides to H journalists and editors a one-week visit to the G to speak with G opinion-makers and meet counterparts in G publications. The Fellowship is awarded to extraordinary journalists, leaders in their field, whose intellectual pursuits and expertise merit special recognition.

(c) G honors a top newsroom manager of a H media outlet whose work best reflects vigorous, professional and responsible journalism. The goal of this program is to strengthen the independent press in H. Recipients are invited to the G for a several week stay at a G newspaper. The prestige from the Prize will give the recipient, as well as fellow journalists in H, some protection from the intimidation and violence that threatens those who work in a difficult professional environment.

2. The Selection Process

The Foundation selects grantees on the basis of criteria related to the purposes of the grant, including the credentials of the potential grantee, the relationship of his or her work or future work to the Foundation's program activities, projects and areas of concern.

On the basis of criteria relating to the particular grant program involved, an individual grantee may be selected (i) from a group of qualified candidates or (ii) without reference to a group of candidates because he or she is exceptionally qualified to carry out the educational purposes of the grant or (iii) it is otherwise evident that the selection is particularly calculated to effectuate the exempt purpose of the grant rather than to benefit particular persons. The persons who select recipients (see discussion of "screening board" below) are not in a position to derive a private benefit, directly or indirectly, if certain potential grantees are selected over others.

(a) How solicited. Applicants for Internships are solicited through the Fund's website, the Fund's H Advisors and journalists and editors in the print and electronic media. The Fund's Advisory Board, previous recipients and editors and journalists with H experience make nominations for the Prize and Fellowship.

(b) How selected. Applicants for Internships are required to submit a complete biographical record and supporting material, including a report on their academic and professional experience, a detailed statement of their career plans a statement of their plans and commitments after the internship program, letters of reference and lists of publications or examples of their writings. Nominees for the Prize and the Fellowship are required to provide a statement their academic background and professional experience, a statement of their plans and commitments after the fellowship program and lists of their publications.

(c) Screening board. A screening board screens all candidates for a Prize, Fellowship or Internship. The screening boards are generally made up of leading journalists and editors as well as persons familiar with media companies in H and the G. The media company to which they may be assigned also interviews potential interns. The final decision is made, in consultation with the Fund's H Advisors, by (i) the Board of Trustees of the Foundation or (ii) a committee of about three individuals appointed by the Board and consisting of individuals who are trustees of the Foundation and senior journalists and editors familiar with media companies in H and the G. Employees, officers and trustees of the Foundation and their family members are not eligible for grants.

3. Terms and Conditions

The Foundation sends a letter to each recipient with the terms and conditions of his or her grant. The recipient is required to communicate his or her acceptance thereof by letter in writing to the Foundation. Terms and

condition include: specific purpose of the grant, its duration, the amount or other financial benefits of the grant, and the requirements for narrative reports, including due dates for such reports. Grantees are expected to apply themselves on a professional basis to the goals of the grant.

4. Procedure for Exercising Supervision

The Foundation requires that each Prize, Fellowship and Internship recipient provide written report following the conclusion of the grant that describes the activities undertaken and progress achieved. In the case of Internships, the Foundation also requires the media company to which the intern was assigned to report on the recipient's activities during the internship and progress achieved.

5. Procedures for Review, Investigation and Recovery

(a) Review of grantee reports. A professional staff member of the Foundation has the responsibility to follow the progress of each individual grant, that is, to review each report submitted by the person and media company involved, to make a determination as to whether the grant purposes are being or have been fulfilled, and to look into any questions requiring further scrutiny or investigation.

(b) Investigation where diversion of grant funds from their specified purpose is indicated. Where reports to the Foundation or other information (including failure to submit reports after a reasonable time has elapsed from their due dates) indicate that all or any part of grant funds are not being used for the purposes of such grant, the Foundation will initiate an investigation. While conducting the investigations, the Foundation will withhold further payments to the extent possible until it has determined that no part of the grant has been used for improper purposes, and until any delinquent reports have been submitted.

(c) Recovery and other remedial steps. If the Foundation determines that any part of a grant has been used for improper purposes, the Foundation will take all reasonable and appropriate steps to recover the diverted funds. These steps will include legal action unless such action would in all probability not result in the satisfaction of execution of a judgment.

If the Foundation determines that any part of the grant has been used for improper purposes and the grantee has not previously diverted grant funds to any use not in furtherance of a purpose specified in the grant, the Foundation will withhold further payments on the particular grant until (i) it has received the grantee's assurances that future diversions will not occur, (ii) any delinquent reports have been submitted, and (iii) it has required the grantee to take extraordinary precautions to prevent future diversions from occurring. If the Foundation determines that any part of the grant has been used for improper purposes and the grantee has previously diverted Foundation grant funds, the Foundation will withhold further payment until the three conditions of the proceeding sentence are met and the diverted funds are in fact recovered or restored.

6. Records

The Foundation retains records pertaining to all grants to individuals, including (i) all information obtained to evaluate the qualifications of potential grantees, (ii) identification of grantees (including any relationship to an employee, officer or trustee of the Foundation, (iii)

amount and purpose of each grant, (iv) follow-up information obtained by the Foundation in complying with Paragraph 5 of this letter.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c) (1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and

procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

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